I. B. Power Project of Orissa

3833. SHRI CHIMANBHAI MEHTA: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that 420 MW I.B. Power Project of Orissa is going to cost Rs. 2,000 crores;

(b) what are the reasons for such high cost project, which is almost 33 to 50 per cent higher compared to on-going projects;

(c) whether it is a fact that AES, handling the I.B. project, would invest 55 per cent of equity i.e. Rs. 270 crores only, and Rs. 600 crores are going to be raised as loans from Financial Institutions of India and another Rs. 540 crores, i.e. 180 million dollars, from abroad;

(d) whether it is a fact that AES transnational company would recover all its investment after five years of generation of electricity and eight years after the commencement of the project; and

(e) whether the expected return on the project cost is more than 16 per cent?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) and (b) The promoters of 420 MW I.B. Valley Power Project have submitted a project report to CEA indicating that the estimated cost of the project is Rs. 1894.4 crores. However, the revised project report on the basis of bids received by the Company is yet to be submitted to the Central Electricity Authority (CEA). The reasonableness of the cost would be examined by the CEA after receiving the revised project report.

(c) As per tentative financial package furnished by the promoters, the project cost would be financed with 25% as equity and 75% as debt in the form of loan from financial institutions. 30% of the equity is proposed to be invested by AES.

(d) No, Sir.

(e) It would be permitted to include 16% return on equity at 68.5% plant load factor in the fixed cost of the tariff of the electricity generated. For higher levels of generation, the Company would earn incentive as agreed between OSEB and AES.

Power Project in Dabhol by Enron Corporation

3834. SHRI K. R. MALKANI: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that Enron Corporation of U.S.A. sold its stock of its 110 MW Complex at Subic, Philippines at a high premium even before the Plant went on steam, as reported in Indian express dated the 7th March, 1994; and

(b) whether Government propose to take steps to prevents such profiteering by Enron on its Power Project in Dabhol, Maharashtra, until the project is completed?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU) : (a) ENRON have informed that the charges of profiteering against them are completely baseless. Divesting equity in a project to local partners, after it has been under development, is an internationally recognised practice. Further, they have informed that in the case of Subic Bay project, Enron sold stock to its local partner at a fair market value after the project had been developed but early in the Construction Phase.

(b) Enron is a multinational company involved in doing power projects in several countries around the globe. In view of (a) above, the question does not arise.

Incentive for Increasing the Plant Load Factor in Power Plants

3835. SHRI K. R. MALKANI: Will the Minister of POWER be pleased to state :

(a) whether it is a fact that Government give an incentive of 0.7 per cent for every percentage increase in the Plant Load Factor (PLF) of Power Plants beyond the 68.5 per cent base PLF limit, at which generators are guaranteed a return of 16 per cent on the risk capital;

(b) whether it is also a fact that Government have given a higher incentive of 1 per cent to a complex being promoted by a U.S.M.N.C., A.E.C. trans power as reported in Indian Express, dated the 9th March, 1994; and